



SANDRA SHEWRY  
Director

State of California—Health and Human Services Agency  
**Department of Health Services**



ARNOLD SCHWARZENEGGER  
Governor

**IMPORTANT NOTICE FROM THE WIC PROGRAM**

September 18, 2006

Dear WIC Vendor Business Owner:

I am writing to provide you information related to the upcoming Women, Infant and Children (WIC) Supplemental Nutrition Program food instrument (FI) changes. WIC will implement vendor peer groups and peer group based Maximum Allowable Department Reimbursement (MADR) rates on October 1, 2006. We are delaying the implementation of Any Authorized Vendor (AAV) to allow for all vendors to have an opportunity to practice submitting serial numbers and to ensure that the Vendor Information eXchange website ([vwix.dhs.ca.gov](http://vwix.dhs.ca.gov)) is ready to accept vendor serial number submissions and provide feedback on the status of submissions. To accomplish this, the time period for vendor readiness is extended to October 20, 2006.

**PEER GROUPS AND MADR**

On September 1, 2006, we sent a letter to you with an attached peer group assignment report. The report listed for each of your stores the three peer group characteristics that WIC has on record along with the assigned peer group. It is important for you to review this information for accuracy as it will affect the MADRs for your stores. We provided information on peer group characteristics and the calculation of their MADR rates in the August issue of *WIC Vendor News* and in a presentation at vendor forums. Both of these can be accessed on [www.wicworks.ca.gov](http://www.wicworks.ca.gov). As explained in these materials, there are separate MADRs for each food item for each peer group. To prepare for the implementation of peer group based MADRs, we are enclosing the following items:

1. A report that lists the peer group assignment for each of your stores, arranged in peer group order;
2. The list(s) of MADRs effective October 1, 2006 for the peer groups that are applicable to your store(s).

On October 1, 2006, you will be able to access the MADRs on the [vwix.dhs.ca.gov website](http://vwix.dhs.ca.gov). Enclosure #1 – “How to Access Your Maximum Allowable Department Reimbursement (MADR) Rates” provides the procedures for using the website to access the MADRs. We will not be providing copies of the MADR lists in the mail in the future—the website will be the process method to view the current MADRs and to see the future MADRs when they are updated every two weeks. The first update will be available on the website on Sunday, October 15, 2006 and will become effective on Tuesday, October 17, 2006. Please note that most MADRs will not change significantly over a two week period.

### **ANY AUTHORIZED VENDOR**

WIC is extending the period for vendors to test FI serial number submission through October 20, 2006. This means that the FIs will continue to include a specific vendor selected by the participant until the testing period is complete. Many of you have successfully submitted serial numbers in September, and we very much appreciate your attention to this important change in WIC. We are extending the testing period to ensure that we receive a submission from each vendor store location. Implementation of AAV will occur on a date after October 20, 2006 and will be announced on both the [vwix.dhs.ca.gov](http://vwix.dhs.ca.gov) website and the [www.wicworks.ca.gov](http://www.wicworks.ca.gov) website. Because we want to implement AAV as soon as all vendors have tested and the website is ready, we will be announcing the date only a few days before it becomes operational.

If you have not already tested submission of FI serial numbers for each of your vendor locations, please review the following carefully. If you need assistance with testing, contact Diane Phillips at [dphilli1@dhs.ca.gov](mailto:dphilli1@dhs.ca.gov) or at (916) 928-8859.

#### **By October 20, 2006:**

- Each vendor location must have completed submitting one FI serial number to WIC.
- For any vendor location that has not submitted an FI serial number by October 20, 2006, WIC will change the vendor authorization status from active to pending in WIC's data system. When a vendor is in pending status, the local WIC agencies will be unable to print any vendor-specific FIs for that vendor location. However, a pending status will not prevent vendors from continuing to accept and redeem through its bank any previously issued FIs payable to that store location. Additionally, the vendor agreement for a vendor store location that has had its status changed to pending will not be terminated. Once a test submission has been received, WIC will change the vendor's status to active and resume printing FIs payable to that vendor.
- After AAV is implemented, a vendor that has not successfully completed a FI serial number submission test and accepts an FI made payable to "WIC Authorized Vendor" will not be able to be reimbursed for that FI.

**DAILY SUBMISSION OF FI SERIAL NUMBERS** All vendors should be submitting serial numbers for all FIs redeemed each day or on the schedule you will follow when AAV is implemented by October 20, 2006. This enables you to become familiar with the process, create a routine for you and your staff, and help prevent FIs being rejected for a submission error after AAV is implemented. It will also enable WIC to monitor the success of FI serial number submissions in order to identify any problems and assist vendors in correcting submission option errors during the testing period. Vendors are also encouraged to test alternative submission options to become familiar with them in the event their customary option is not available.

### **TRANSITION PERIOD**

Beginning October 1, 2006 with peer group implementation followed by AAV implementation, participants will shop with FIs printed as described below:

1. **“Must Not Exceed”:** Most FIs printed prior to October 1, 2006, include a dollar amount in the “Must Not Exceed” box. Exceptions to this include the milk FIs and those printed made payable to above-50-percent vendors. All FIs printed beginning October 1, 2006, will not include a dollar amount in the “Must Not Exceed” box. Instead, the FI will be printed with “#####” in that box. Store personnel must be aware of the following information in order to prevent FIs from being rejected for payment.
  - When accepting FIs with a dollar amount printed in the “Must Not Exceed” box, the amount entered in the “Exact Purchase Price” cannot exceed the dollar amount printed in the “Must Not Exceed” box.
  - When accepting FIs with “#####” printed in the “Must Not Exceed” box, the amount entered in the “Exact Purchase Price” box cannot exceed the MADR for that vendor’s peer group for that FI type. For FIs with “#####” printed in the “Must Not Exceed” box, there are two methods to determine the MADR rate:
    - a. When the FI is vendor-specific, the MADR is the one applicable to the vendor’s peer group in effect on the date the FI is accepted at the vendor store;
    - b. When we implement AAV and the FI is payable to “WIC Authorized Vendor”, the MADR is the one in effect on the date the serial number is submitted to WIC.
2. **“Payable to”:** FIs will either be payable to a specific vendor or to “WIC Authorized Vendor”. When processing FIs, store personnel need to ensure the FI provided by the participant is either payable to your specific vendor name and number or to “WIC Authorized Vendor”. The current Vendor Agreement requirement that prohibits a vendor from accepting a FI made payable to any other vendor is still in effect. Therefore, if a FI is *not* either made payable to your store or to “WIC Authorized Vendor”, then you may not accept that FI.

We understand that this transition period requires extra attention for WIC transactions by your store personnel. We value your commitment in supporting the transition to the full implementation of peer groups and AAV.

## **RETURNED WIC FOOD INSTRUMENTS**

Beginning October 1, 2006, FIs will be rejected for payment and returned to the vendor through the banking system if they have a dollar amount in the “Exact Purchase Price” box that is either greater than the printed “Must Not Exceed” dollar amount or greater than the MADR for the vendor’s peer group if there are ##### in the “Must Not Exceed” box. The State Treasurer’s Office will stamp the returned FIs “Exceeds Max Amount”. The vendor may follow the current practice of crossing out the amount entered in the “Exact Purchase Price”, writing in another amount that does not exceed the MADR, and re-depositing the FI into their bank for payment. If you need assistance determining the MADR for FIs that have ##### in the “Must Not Exceed” box, check the website at [vwix.dhs.ca.gov](http://vwix.dhs.ca.gov) or call the WIC Technical Support at 800-224-7472 if the MADR has changed since the FI was redeemed. If the FI

serial number has already been submitted to WIC, you do not need to resubmit it before re-depositing the FI.

**Important note:** We suggest that you review your bank's returned check policy. Some banks have a policy to resubmit checks for processing without first returning them to you. If the bank changes the "Exact Purchase Amount" without knowing the MADR, it may be rejected again.

### **GROCER ALERT – WIC FOOD INSTRUMENT CHANGES**

As a reminder, we sent a Grocer Alert dated September 12, 2006 to assist you and your store personnel to understand and prepare for the upcoming changes. The Alert summarized the FI changes, action needed by store personnel when accepting and redeeming the FI's including a flyer to assist them in doing so, and a sample of posters and decals with the new WIC logo for stores to post to easily identify that they accept WIC. A copy of this Grocer Alert can be found on the WIC website at [www.wicworks.ca.gov](http://www.wicworks.ca.gov).

We will be mailing additional information and posting it on our websites over the next several weeks. We also expect that we will be making changes and enhancements to our systems and processes over time. We are open to your suggestions and will be asking for your input as we proceed.

Thank you for your cooperation. If you have any questions or need assistance, please contact your WIC Grocer Consultant directly or call (916) 928-8705.

A handwritten signature in black ink, reading "David Markell", followed by a vertical red line.

David Markell, Chief  
Food Management and  
Integrity Section  
WIC Supplemental Nutrition Program

Attachment

## Enclosure #1

### HOW TO ACCESS YOUR MAXIMUM ALLOWABLE DEPARTMENT REIMBURSEMENT (MADR'S)

- Background** The maximum reimbursement you will receive under peer groups will be based on retail market prices. MADR rates for each of the 16 vendor peer groups will be recalculated every two weeks using redemption data for vendors in that peer group for the preceding 12 weeks. Therefore, the MADR rates may change every two weeks.
- Purpose** MADR rates are accessible through the V-WIX website. The MADR is displayed by food type for each vendor peer group. Two columns of rates are provided, current and future. The future rates will be posted at 12:01 a.m. Sunday every two weeks. They become effective two days later on Tuesday at 12:01 a.m.
- Accessing MADR's**
- Step 1:** Via the website, type in [vwix.dhs.ca.gov](http://vwix.dhs.ca.gov).
- Step 2:** At the **V-WIX: Vendor WIC Information eXchange** page, enter your User ID and Password. Click on **Sign In**.
- Note:** Your User ID will be invalid after five (5) unsuccessful attempts at logging in, so be sure to type your user ID and password correctly. If you forget your password or need it reset, call WIC Technical Support at 1-800-224-7472.
- Step 3:** At the **Main Menu**, click on **View Maximum Allowable Department Reimbursement (MADR's)**.



#### Welcome to V-WIX Food Instrument Information Submission

#### MAIN MENU

[Send File](#)

[Enter Serial Numbers](#)

[View Status of Submissions](#)

[View Maximum Allowable Department Reimbursement \(MADR's\)](#)

[Change Password](#)

[Sign Off](#)

Questions? Call 1-800-224-7472

Mon-Thurs 7am-7pm; Fri 7am-5:30pm; Sat 8am-5pm


## Enclosure #1 (continued)

### HOW TO ACCESS YOUR MAXIMUM ALLOWABLE DEPARTMENT REIMBURSEMENT (MADR'S)

#### Accessing MADR's (continued)

**Step 4:** You will see the MADR's for the store listed under the **Peer group, vendor name, vendor id** box in the upper left corner of the page. To view MADR's for a different store location, click on the drop down arrow, select a specific store location and click on **Retrieve**.

You can repeat Step 4 for each store location.



#### View Maximum Allowable Department Reimbursement (MADR's)

Peer group, vendor name, vendor id

01 - Food For More - 222222 ▼ Retrieve

Description	Food Item Nbrs	Current MADR Effective MM/DD/YYYY	Future MADR Effective MM/DD/YYYY Available 2 days before effective date
<b>MILK</b>			
PASTEURIZED COW MILK NONFAT, 1% LOWFAT, 2% REDUCED FAT, OR WHOLE (GALLON SIZE ONLY) LOWFAT OR NONFAT DRY MILK OR EVAPORATED MILK - 1 GALLON, 9.6 OZ DRY OR 4 (12 OZ.) CANS EVAP	001 AND 003 UNIT PRICE	3.16	3.20
PASTEURIZED COW MILK NONFAT, 1% LOWFAT, 2% REDUCED FAT, OR WHOLE (BUY 1 GAL IN GAL SIZE) LOWFAT OR NONFAT DRY MILK OR EVAPORATED MILK - UP TO 1 1/2 GALLONS FLUID, 20 OZ DRY, OR 6 (12 OZ.) CANS EVAP	002	5.18	5.15
LACTOSE FREE MILK OR LACTOSE REDUCED MILK OR ACIDOPHILUS MILK (HALF GALLONS ONLY) NONFAT, 1% LOWFAT, 2% REDUCED FAT, OR WHOLE - UP TO 1 GALLON	004 AND 006 UNIT PRICE	7.15	8.37
LACTOSE FREE MILK OR LACTOSE REDUCED MILK OR ACIDOPHILUS MILK (HALF GALLONS ONLY) NONFAT, 1% LOWFAT, 2% REDUCED FAT, OR WHOLE - UP TO 1 1/2 GALLONS	005	10.82	12.64

Return to Main Menu Questions? Call 1-800-224-7472 Mon-Thurs 7am-7pm; Fri 7am-5:30pm; Sat 8am-5pm

#### Unit Price Reminder

Please note that the MADR is listed by unit price for some food items including milk, juice, infant formula, infant cereal, and dry beans. For food instruments with more than one unit, multiply the MADR per unit by the number of units to determine the total MADR.